



Office of Employer and Member Health Services
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November 2007

Dear CalPERS Medicare Plan Member:

You may recall that as of January 1, 2007, the federal government changed how it calculates the amount of Medicare Part B premium you pay. This process is called "income relating" or "means testing." Medicare is phasing in the income-related premium changes over three years. 2008 will be the second year of the three-year phase-in.

This letter is to update you on how the changes to the federal Medicare program may affect you, and how your CalPERS health benefits may be impacted.

How does it work?

Under the current Medicare program, individuals with higher income levels will pay higher Medicare Part B premiums. Your income level will be based on your Modified Adjusted Gross Income (MAGI), which is the total of your adjusted gross income as defined by the federal tax code, less specified adjustments and certain forms of tax-exempt income, most often tax exempt interest.

Please contact the Internal Revenue Service if you want to verify your MAGI.

The attached table shows the Part B premium categories outlined in the Medicare Modernization Act (MMA), based on tax filing status and income. Members in the below-threshold income categories (\$82,000 and under for individuals filing as single and \$164,000 and under for individuals filing as married) will pay the \$96.40 standard Part B premium in 2008.

How does this affect me?

Based on your income level, your 2008 Medicare Part B premium may change due to the federal Part B means testing.

You will receive a notice from the Social Security Administration, telling you how much your Medicare Part B premium will cost in 2008.

KEEP THESE DOCUMENTS IN A SAFE PLACE – If you are eligible for a higher State Medicare Part B reimbursement amount, you will need to provide copies of these letters to CalPERS. **If you can't find your copy of the Social Security premium notice, you can request a copy from the Social Security Administration by calling them at 1-800-772-1213.**

Why is CalPERS involved?

The State provides reimbursement to State members for Part B premiums up to the difference between the maximum employer contribution set by statute and the actual amount of employer contribution made toward your supplemental health plan premium.

State members who are enrolled in a CalPERS Medicare plan, *and* whose Part B premium is less than the difference between the maximum employer contribution and the actual amount of employer contribution paid toward their health plan premium, *may* be entitled to reimbursement of their Medicare Part B premium.

Continued on next page

How do I know if I qualify?

Based on the 2008 Medicare premiums, State members enrolled in a CalPERS Medicare supplement health plan *may* qualify for income-related Medicare Part B premium reimbursement.

EXCEPTION: Members who are enrolled in PERSCare will not be eligible for income-related Medicare Part B premium reimbursement, because they are already receiving the maximum employer contribution allowed by law.

How can I get my Part B premium reimbursed?

All State retirees not impacted by “income-related” Part B premiums will receive monthly reimbursements through their retirement warrants, if eligible.

If you pay an increased Medicare Part B premium due to your income level, you can submit a written request for additional reimbursement to the following address:

CalPERS Office of Employer and Member Health Services
Attn: Medicare
P.O. Box 942714
Sacramento, CA 94229-2714

You must include a copy (all pages) of the Social Security Administration notice with your written request, or CalPERS will not be able to make a determination. CalPERS will let you know if you qualify for additional Medicare Part B reimbursement.

In addition, the Social Security Administration will notify you annually of your new Part B premium based on your income. **Submit the new information to CalPERS each year and any time your income level changes.**

State retirees who are not impacted by high income Medicare Part B premiums do not need to submit a request for the standard Part B reimbursement. CalPERS will automatically credit your retirement warrant, if you are eligible for a reimbursement.

Contact Information

If you have questions about how your federal Medicare premium may change, please contact the Social Security Administration at 1-800-772-1213 or visit their web site at: <http://www.socialsecurity.gov>.

If you have questions about how CalPERS will implement this change, please contact CalPERS at **888 CalPERS (888 225-7377)** or visit our web site at: <http://www.calpers.ca.gov>.

Sincerely,

Holly A. Fong, Chief
Employer and Member Health Services Division

Attachment: Medicare Part B Premium Table

Medicare Part B Premium Table

*For more information about your Medicare Part B premium, **please contact the Social Security Administration directly, at 1-800-772-1213.***

If you are:

You will pay your Part B premium according to the chart below:

**Single
Head of household
Qualifying
widow(er) with
dependent child**

OR
**Married filing
separately (living
apart)**

Modified Adjusted Gross Income (MAGI)*	Income-related monthly adjustment amount in 2007	Monthly Medicare Part B Premium paid by Member in 2008
\$82,000 and under	\$0.00	\$96.40
\$82,001 to \$102,000	\$25.80	\$122.20
\$102,001 to \$150,000	\$64.50	\$160.90
\$153,001 to \$205,000	\$103.30	\$199.70
\$205,001 or higher	\$142.00	\$238.40

If you are:

You will pay your Part B premium according to the chart below:

**Married, filing
jointly**

Modified Adjusted Gross Income (MAGI)*	Income-related monthly adjustment amount in 2007	Monthly Medicare Part B Premium paid by Member in 2008**
\$164,000 and under	\$0.00	\$96.40
\$164,001 to \$204,000	\$25.80	\$122.20
\$204,001 to \$306,000	\$64.50	\$160.90
\$306,001 to \$410,000	\$103.30	\$199.70
\$410,001 and higher	\$142.00	\$238.40

If you are:

You will pay your Part B premium according to the chart below:

**Married, filing
separately (living
with spouse)**

Modified Adjusted Gross Income (MAGI)*	Income-related monthly adjustment amount in 2007	Monthly Medicare Part B Premium paid by Member in 2008**
\$82,000 and under	\$0.00	\$96.40
\$82,001 to \$123,000	\$103.30	\$199.70
\$123,001 and higher	\$142.00	\$238.40

* The Social Security Administration receives your Modified Adjusted Gross Income from the IRS according to specific rules. Please contact Social Security directly (**1-800-772-1213**) if you have questions about how this calculation works.

** Each spouse will pay the listed amount. For example, a married couple, filing jointly, with an income under \$160,000 would pay \$93.50 per month for each spouse, or \$187 per month total.